



AUSTRALIAN LEADERS FUND LIMITED
A.B.N. 64 106 845 970

AUSTRALIAN LEADERS FUND LIMITED (ALF) – NOVEMBER 2009
INVESTMENT UPDATE & NTA

As at 30th November 2009

NTA before tax on unrealised gains	\$1.53*
NTA after tax	\$1.42*

*The above figures are after the payment of the final dividend of 3.0 cents a share fully franked, paid on the 4 November 2009.

MONTH IN REVIEW

Equities started the month on a strong note only to sell off following a request for a delay in interest payments on billions in debt held by the government-owned Dubai World conglomerate. Shares ended up finishing the month marginally higher.

Miners outperformed and Banks gave back most of the gains from the previous month following their stellar results.

The US dollar continued to weaken against most major currencies helping push commodity prices higher with gold moving to record highs as speculators hedged against a weaker dollar. The Reserve bank raised rates again on stronger economic data.

The fund underperformed in November with most of the underperformance coming from RHG Ltd which fell following the company's AGM. A group of shareholders agitating for change were disappointed with their failure to have directors elected to the board and have more than likely sold some of their shares.

We are very happy with our investment in RHG Ltd. We are confident the company will end up with a least \$1.00/share of cash on the balance sheet by the end of 2010. We are starting to see some positive developments in the mortgage securitisation market as well which could provide an opportunity for RHG to re-enter this business in 12 months time.

BUYBACK

The board is focused on maximising returns to shareholders and this will from time to time involve active capital management. The board views the on market share buy back as being in line with this aim as it will add value to the remaining shares on issue and increase the NTA per share.

A buyback for up to 10% of issued capital commenced on 13th March 2009 for 12 month duration.

As at close of market on 11th December 2009 6,379,155 shares had been bought back.

OPTIONS ISSUE

On 21st August 2009, the Directors of Australian Leaders Fund Limited announced a 1 for 1 bonus issue of options to its shareholders. The options were allotted to shareholders on 11th September 2009 and have been issued at no cost to shareholders. The options have an exercise price of \$1.25 per option and can be exercised any time up until the expiry date of 30th November 2010.

As at the 11th November 2009 513,566 options have been exercised for a total consideration of \$641,958 with a remaining balance of outstanding options being 66,627,015.

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PORTFOLIO PERFORMANCE INCLUDING ATTRIBUTION

	1 MONTH RETURN (%)			3 MONTH RETURN (%)			6 MONTH RETURN (%)			FINANCIAL YEAR TO DATE RETURN (%)		
	Total Portfolio ¹	Total All Ords	Attribution ²	Total Portfolio	Total All Ords	Attribution	Total Portfolio	Total All Ords	Attribution	Total Portfolio	Total All Ords	Attribution
Long Portfolio	0.6	1.9	-2.5	8.0	6.1	3.5	42.4	26.4	28.7	31.6	21.6	20.0
Short Portfolio	0.3	1.9	1.3	5.8	6.1	0.0	30.0	26.4	-5.4	21.2	21.6	-0.2
Cash			0.0			-1.9			-4.5			-6.4
Total	0.7	1.9	-1.2	7.7	6.1	1.6	45.2	26.4	18.8	35.0	21.6	13.4

¹ The "Total Portfolio" column displays the return achieved in the period from the Investment Portfolio (long) and from the Borrowed Securities portfolio (short) separately. The Total Portfolio performance, representing the underlying return achieved on Shareholder's Funds is a weighted return of the long and short portfolios as well as cash. As such this column will not sum.

²Attribution shows the contribution to the outperformance of Shareholder's Funds in the period coming from the Investment Portfolio (long) and the portfolio of Borrowed Securities (Short) as well as from the cash retained on the Balance Sheet. Each contribution sums to the overall outperformance of shareholders funds.

Fund Attribution:

In November, the Investment Portfolio increased in value by 0.6% underperforming the All Ordinaries Index, which increased by 1.9%. The portfolio of securities that ALF has borrowed and sold (short) increased by 0.3% underperforming the investment portfolio and therefore contributed to overall performance.

At the end of November ALF has 95% of Shareholders Funds invested in equities with the balance retained in cash. This is close to a fully invested position, reflecting our confidence in the medium term outlook for equities.

On balance, Shareholders Funds increased by 0.7% on a gross basis in November.

Individual stock contributions:

A/ Investment Portfolio (Long):

The overall portfolio returns were supported during the month by strong contributions from the following 3 positions

Stock	Total monthly return %	Attribution Effect %
Mesoblast Ltd.	36.8%	1.6%
FlexiGroup Ltd.	14.9%	1.1%
Aquarius Platinum Ltd.	24.0%	1.1%

The following 3 portfolio positions detracting from overall performance.

Stock	Total monthly return %	Attribution Effect %
Graincorp Ltd.	-12.3%	-0.5%
BHP Billiton Ltd.	N/A	-0.8%
RHG Ltd.	-7.1%	-1.5%

B/ Funding Portfolio (Short):

We are expecting companies that have been sold short to perform poorly. Positive attribution is achieved when borrowed securities (shorts) underperformed the benchmark.

Overall portfolio returns were supported during the month by the poor relative performance of the following securities which have been sold short.

Stock	Total monthly return %	Attribution Effect %
CSR Ltd.	-8.1%	0.5%
Goodman Fielder Ltd.	-3.8%	0.4%
Toll Holdings Ltd.	-4.8%	0.3%

Shares of the following securities that have been sold short performed well in the period detracting from overall performance.

Stock	Total monthly return %	Attribution Effect %
Equinox Minerals Ltd.	5.8%	-0.1%
Bradken Ltd.	11.4%	-0.2%
Transurban Group	32.1%	-0.7%

GROSS PORTFOLIO STRUCTURE

Investment Type	As at 31 st October 2009		As at 30 th November 2009	
	\$m	%	\$m	%
Listed Securities – Long	199	183	187	176
Listed Securities - Short	-97	-89	-86	-81
NET EXPOSURE	102	94	101	95
Fixed interest and Cash	7	6	5	5
Shareholder Funds	109	100	106	100

The listed securities portfolio is detailed on the following page

As at 30th November the equity portfolio gave exposure to:

Consumer Discretionary

TABCorp Holdings Ltd.	2,904,332	1.55%
Sky City Entertainment Group Ltd.	1,755,000	0.94%
Crown Ltd.	1,800,900	0.96%
	6,460,232	3.45%

Media

News Corp.	4,628,564	2.47%
APN News & Media Ltd.	1,635,041	0.87%
	6,263,605	3.34%

Retailing

Pacific Brands Ltd.	1,346,154	0.72%
Myer Holdings Ltd.	3,873,900	2.07%
	5,220,054	2.79%

Consumer Staples

Wesfarmers Ltd.	5,300,840	2.83%
AWB Ltd.	6,929,605	3.70%
Graincorp Ltd.	1,427,979	0.76%
Foster's Group Ltd.	3,596,800	1.92%
	17,255,224	9.21%

Energy

Riversdale Mining Ltd.	2,081,235	1.11%
Oil Search Ltd.	4,793,700	2.56%
Origin Energy Ltd.	1,325,508	0.71%
Coal & Allied Industries Ltd	2,726,500	1.46%
Arrow Energy Ltd.	975,000	0.52%
	11,901,943	6.36%

Financials

Westpac Banking Corp.	2,896,800	1.55%
RHG Ltd.	16,009,732	8.55%
National Australia Bank Ltd.	5,474,434	2.92%
Australia & New Zealand Banking Group Ltd.	2,759,824	1.47%
Henderson Group PLC	3,506,186	1.87%
FlexiGroup Ltd.	9,836,167	5.25%
ASX Ltd.	4,016,790	2.15%
	44,499,933	23.76%

Insurance

Tower Australia Group Ltd.	2,352,052	1.26%
QBE Insurance Group Ltd.	5,750,152	3.07%
	8,102,204	4.33%

Real Estate

Macquarie Office Trust	1,180,000	0.63%
Mirvac Group	1,102,500	0.59%
ING Office Fund	2,177,320	1.16%
Australand Property Group	991,119	0.53%
	5,450,939	2.91%

Health Care

ResMed Inc. (CDI-10CDI/1SHS)	2,777,718	1.48%
Ramsay Health Care Ltd.	1,867,920	1.00%
Mesoblast Ltd.	6,461,824	3.45%
ANGIOBLAST SYSTEMS LIMITED	2,425,000	1.30%
	13,532,462	7.23%

Industrials

Ausenco Ltd.	2,337,500	1.25%
Transfield Services Ltd.	2,094,855	1.12%
	4,432,355	2.37%

Transportation

Qantas Airways Ltd.	780,000	0.42%
Asciano Group	4,299,960	2.29%
Auckland International Airport Ltd.	1,445,000	0.77%
	6,524,960	3.48%

Materials

Sims Metal Management Ltd.	2,120,000	1.13%
Rio Tinto PLC	5,591,735	2.99%
PaperlinX Ltd.	675,554	0.36%
PanAust Ltd	3,406,764	1.82%
Platinum Australia Ltd.	2,340,036	1.25%
Mirabela Nickel Ltd.	2,417,631	1.29%
Iluka Resources Ltd.	2,796,226	1.49%
Independence Group N.L.	1,004,011	0.54%
Gunns Ltd.	2,076,938	1.11%
Fletcher Building Ltd.	2,564,700	1.37%
BlueScope Steel Ltd.	1,355,000	0.72%
Alumina Ltd.	2,618,000	1.40%
Aquarius Platinum Ltd.	6,386,000	3.41%
Adelaide Brighton Ltd.	2,241,000	1.20%
	37,593,595	20.08%

Telecommunication Services

Telstra Corp. Ltd.	14,175,369	7.57%
Singapore Telecom SGD0.15 (Chess Unit)	2,410,200	1.29%
	16,585,569	8.86%

Utilities

Transfield Services Infrastructure Fund	1,076,473	0.57%
AGL Energy Ltd.	2,352,800	1.26%
	3,429,273	1.83%

TOTAL LONG PORTFOLIO 187,252,348 100.00%

TOTAL SHORT PORTFOLIO (86,324,874)

Contact:

Justin Braitling

Australian Leaders Fund

info@braitlinginvestments.com.au